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BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 97-132-C - ORDER NO. 97-595
JULY 10, 1997

IN RE: Application of Preferred Carrier)
Services, Inc. for a Certificate of)
Public Convenience and Necessity to)
Provide Local Telecommunications)
Services Statewide.)

This matter comes before the Public Service Commission of South Carolina ("the Commission") by way of the application of Preferred Carrier Services, Inc. ("PCS" or "the Company"). The Application requests that the Commission amend PCS's Certificate of Public Convenience and Necessity in order to allow PCS to provide resold and facilities-based local exchange telecommunications services in the State of South Carolina. The Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1996), and the Regulations of the Commission.

By letter dated April 16, 1997, the Commission's Executive Director instructed PCS to publish, one time, a prepared Notice of Filing and Hearing in newspapers of general circulation in the areas affected by the Application. The purpose of the Notice of Filing and Hearing was to inform interested parties of the manner and time in which to file the appropriate pleadings for participation in the proceedings and to provide notice of the

hearing date on this matter. PCS complied with this instruction and provided the Commission with proof of publication of the Notice of Filing and Hearing. Petitions to Intervene were received from BellSouth Telecommunications, Inc. ("BellSouth") and the South Carolina Telephone Coalition ("SCTC").

A hearing was convened on July 2, 1997, at 11:00 a.m. in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. PCS was represented by John J. Pringle, Jr., Esquire, and John F. Beach, Esquire. The Commission Staff ("Staff") was represented by Florence P. Belser, Staff Counsel. BellSouth did not appear at the hearing.

Prior to the hearing, PCS and the SCTC executed a Stipulation dated May 30, 1997, and the Stipulation was filed with the Commission. As a result of the Stipulation, SCTC withdrew its intervention in the Docket. PCS offered the Stipulation as a Hearing Exhibit (Hearing Exhibit No. 1) and requested Commission approval of the Stipulation. The Stipulation provides the following:

(1) The SCTC does not oppose the granting of a statewide Certificate of Public Convenience and Necessity to PCS if the Commission makes the necessary findings to grant the Certificate and if all stipulated conditions are met;

(2) PCS agrees that any Certificate granted by the Commission will authorize PCS to provide service only to customers located in non-rural local exchange company ("LEC") service areas except as otherwise provided;

(3) PCS agrees that it is not requesting the Commission to find whether competition is in the public interest for rural areas;

(4) PCS agrees that it will not provide local service, by its own facilities or otherwise, to any customer in a rural incumbent LEC's service area, unless and until PCS provides such rural incumbent LEC and the Commission with written notice of its intent to do so at least thirty (30) days prior to the date of the intended service. During such notice period, the rural incumbent LEC will have the opportunity to petition the Commission to exercise all rights afforded it under Federal and State law. PCS also acknowledges that the Commission may suspend the intended date for service in rural LEC territory for ninety (90) days while the Commission conducts any proceeding incident to the Petition or upon the Commission's own Motion, provided that the Commission can further suspend the implementation date upon showing of good cause;

(5) PCS agrees that if, after PCS gives notice that it intends to serve a customer located in a rural incumbent LEC's service area, the Commission receives a Petition from the rural incumbent LEC to exercise its rights under Federal or State law, or the Commission institutes a proceeding of its own, that PCS will not provide service to any customer located within the service area in question without prior and further Commission approval;

(6) PCS acknowledges that any right which it may have or

acquire to serve a rural telephone company service area in South Carolina is subject to the conditions contained herein, and to any future policies, procedures, and guidelines relevant to such proposed service which the Commission may implement, so long as such policies, procedures and guidelines do not conflict with Federal or State law;

(7) PCS and the SCTC agree that all rights under Federal and State law are reserved to the rural incumbent LECs, and that the stipulation in no way suspends or adversely affects such rights, including any exemptions, suspensions, or modifications to which they may be entitled; and

(8) PCS agrees to abide by all State and Federal laws and to participate, to the extent it may be required to do so by the Commission, in the support of universally available telephone service at affordable rates.

This stipulation is consistent with our decision in Order No. 96-494 (Docket No. 96-073-C). It was signed voluntarily by both the SCTC and PCS, was filed with the Commission prior to the hearing in this matter, and was made a part of the record at the hearing. We therefore approve the stipulation.

In support of its Application, PCS presented Alan Smith to testify. The purpose of Mr. Smith's testimony was to present evidence on the technical, managerial, and financial abilities of PCS to provide local exchange telecommunications services in South Carolina and to discuss the services which PCS proposes to offer.

DISCUSSION

S.C. Code Ann. §58-9-280 (Supp. 1996) provides that the Commission may grant a certificate to operate as a telephone utility ... to applicants proposing to furnish local telephone service in the service territory of an incumbent LEC.

After full consideration of the applicable law, PCS's Application, and the evidence presented at the hearing, the Commission finds and concludes that the Certificate sought by PCS should be granted. The Commission's determination is based on the following criteria as provided in S.C. Code Ann. §58-9-280 (Supp. 1996) and the evidence presented at the hearing which relates to that criteria:

(1) The Commission finds that PCS possesses the technical, financial, and managerial resources sufficient to provide the services requested. S.C. Code Ann. §58-9-280(B)(1) (Supp. 1996). To demonstrate PCS's technical qualifications, Mr. Smith testified that PCS is currently licensed to provide long distance telecommunications services in every state except Alaska, Hawaii, and New Mexico with applications pending in New Mexico and Hawaii, and that PCS has been approved to provide local intrastate telecommunications in twenty (20) states. Further, Mr. Smith stated that PCS has signed an interconnection agreement with BellSouth and is negotiating with GTE and Sprint/United on interconnection agreements.

Concerning PCS's managerial qualifications, Mr. Smith testified that PCS's management team has considerable experience

in management, marketing, network operations, revenue requirements, customer service, and financial and accounting issues. Regarding PCS's financial resources, the record reveals that PCS is organized under the laws of the State of Texas. Mr. Smith testified that PCS has sufficient financial resources to provide local services. No other party offered any evidence in opposition to Mr. Smith's testimony. Based on the undisputed evidence of the record, the Commission finds that PCS possesses the technical, financial, and managerial resources sufficient to provide the services requested.

(2) The Commission finds that PCS will provide services that will meet the service standards of the Commission. S.C. Code Ann. §58-9-280(B)(2) (Supp. 1996). Mr. Smith testified that PCS seeks to provide local exchange telecommunications services. Mr. Smith specifically stated that PCS will comply with all applicable rules, policies, and statutes applicable to the offering of those services and that PCS fully intends to meet the Commission's service standards. Furthermore, counsel for PCS stated that PCS will make certain changes to its tariff to bring the tariff into compliance with Commission Rules and Regulations. No party offered any evidence to dispute Mr. Smith's testimony. Based on the undisputed testimony from Mr. Smith, the Commission believes, and so finds, that PCS will provide telecommunications services which will meet the service standards of the Commission.

(3) The Commission finds that PCS's "provision of service will not adversely impact the availability of affordable local

exchange service." S.C. Code Ann. §58-9-280(B)(3) (Supp. 1996). Mr. Smith stated that PCS will offer its customers a full range of voice and data telecommunications services, including local switched services, special access, private line, Internet access, frame relay, and systems integration of related services. Mr. Smith offered that certification of PCS will provide greater competition in the South Carolina marketplace that should benefit consumers by ensuring a wide variety of services and prices. No party offered any evidence that the provision of local exchange service by PCS would adversely affect local rates. Therefore, based on the undisputed evidence of record, the Commission finds that provision of local exchange services by PCS will not adversely impact affordable local exchange service.

(4) The Commission finds that PCS will support universally available telephone service at affordable rates. S.C. Code Ann. §58-9-280(B)(4) (Supp. 1996). Mr. Smith testified that PCS will comply with the Commission's universal service requirements. No party disputed Mr. Smith's testimony. Based on the undisputed evidence of record, the Commission finds that PCS will participate in support of universally available telephone service at affordable rates.

(5) The Commission finds that the provision of local exchange service by PCS "does not otherwise adversely impact the public interest." S.C. Code Ann. §58-9-280(B)(5) (Supp. 1996). Mr. Smith offered that approval of PCS to provide services will benefit consumers by ensuring a wide variety of services and

prices, increasing customer choice, promoting efficient use of the network, and expanding the tax base and revenue sources for the state. Mr. Smith's testimony was undisputed as no party offered any evidence that approval of PCS's Application would adversely impact the public interest. Therefore, the Commission finds that approval of PCS's Application for a Certificate to provide local exchange service "does not otherwise adversely impact the public interest." S.C. Code Ann. §58-9-280(B)(5) (Supp. 1996).

Therefore, based on the findings above, the Commission finds and concludes that the Certificate sought by PCS should be granted.

IT IS THEREFORE ORDERED THAT:

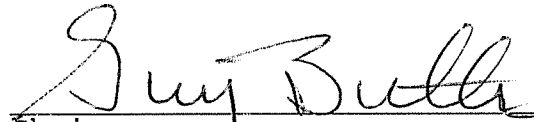
1. The Application of PCS for a Certificate of Public Convenience and Necessity to provide resold and facilities-based local exchange telecommunications services in the State of South Carolina is approved.
2. The Stipulation filed by PCS and the SCTC is approved by this Commission, is binding upon PCS and the SCTC, and shall be implemented as set forth in the Stipulation. We therefore make no findings or conclusions regarding competition in the rural areas of South Carolina. PCS shall conduct its operations in compliance with the Stipulation until further Order of the Commission.
3. PCS shall file, prior to offering local exchange services in South Carolina, a final tariff of its service offerings. The final tariff shall include the modifications and changes as proposed by the Commission Staff and to which PCS agreed.

4. PCS shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, and tests and repairs. In addition, PCS shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. PCS shall file with the Commission the names, addresses, and telephone numbers of these representatives within thirty (30) days of receipt of this Order. (Attachment A shall be utilized for the provision of this information to the Commission.) Further, PCS shall promptly notify the Commission in writing if the representatives are replaced. PCS is directed to comply with all Commission regulations unless expressly waived by the Commission.

5. PCS shall conduct its business in accordance with Commission decisions and Orders, both past and future, including, but not limited to, any and all Commission decisions which may be rendered in Docket No. 96-018-C regarding local competition.

6. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

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ATTACHMENT A

INFORMATION OF THE AUTHORIZED UTILITY REPRESENTATIVES
FOR INTEREXCHANGE, LOCAL AND AOS COMPANIES

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and
maintain with the Commission the name, title, address, and
telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by

Signature

If you have any questions, contact the Consumer Services
Department at 803-737-5230